

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF PEOPLES)	
RURAL TELEPHONE COOPERATIVE)	
CORPORATION INC., FOR INCREASING)	CASE NO. 9265
MISCELLANEOUS AND NON-RECURRING)	
SERVICE CHARGES OUTSIDE A)	
GENERAL RATE CASE)	

O R D E R

On January 28, 1985, Peoples Rural Telephone Cooperative Corporation, Inc., ("Peoples") filed an application with the Public Service Commission ("Commission") for authority to adjust its miscellaneous and non-recurring charges outside a general rate case pursuant to 807 KAR 5:011, Section 10. On February 21, 1985, the Commission requested that additional information be filed. The requested information has now been filed, and all other filing requirements have been met. There were no intervenors in the case.

Based on the financial data supplied in this case for the 12 months ending September 30, 1984, Peoples' margin available for fixed charges was \$577,606. The proposed tariff charges would have resulted in an increase in revenues of \$23,319. The increase allowed herein is \$14,070 for total nonrecurring revenues of \$40,060, resulting in an adjusted net operating income (margin) of \$591,676.

Peoples' proposed net investment of \$10,038,257 is reasonable with the exception of an allowance for working capital in the amount of \$86,371. The Commission has adjusted Peoples' rate base in accordance with past treatment to exclude this allowance due to advance billing for local service. This results in an allowable rate base of \$9,951,386 for an adjusted rate of return of 5.95 percent which is below the allowed return in Case No. 8270 of 6.2 percent.¹

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. In compiling the cost justification for the proposed adjustments, a mathematical error was made in the premises visit cost.² The premises visit cost, and all charges affected by it, should be adjusted to reflect the correct cost.

2. In computing its service connection charges, Peoples initially proposed to include a higher cost component for premises wiring for business customers than for residential. However, in a subsequent filing,³ Peoples stated no cost differential exists and the premises wiring cost is \$15.35 for both business and residential customers. Based on this and the cost data filed

¹ Application of Peoples Rural Telephone Cooperative Corporation Inc., for (1) An Upward Adjustment in Rates and Charges for Telephone Service, and (2) a Certificate of Public Convenience and Necessity for the Purposes of Constructing Additional Telephone Lines and Facilities, and (3) Approval of the Proposed Plan of Financing of Said Project.

² Response to information request filed March 8, 1985, and additional information filed March 22, 1985.

³ Ibid.

by Peoples, the Commission agrees that \$15.35 is the reasonable cost component to be included for premises wiring for both customer classes.

3. The rules governing service connection charges contained in proposed tariff sheets, PSC KY No. 3, Part II, Original Sheets 7, 8, 9 and 10, are reasonable and should be approved.

4. The additional net income generated by this tariff filing will not result in an increase in the rate of return to a level greater than that which was allowed in Case No. 8270.

5. The charges proposed by Peoples are unfair, unjust and unreasonable and should be denied upon application of KRS 278.030 and 807 KAR 5:011, Section 10.

6. The charges in Appendix A are the fair, just and reasonable charges to be made by Peoples and should be approved.

IT IS THEREFORE ORDERED that the charges proposed by Peoples be and they hereby are denied.


IT IS FURTHER ORDERED that the charges in Appendix A be and they hereby are approved for services rendered on and after the date of this Order.


IT IS FURTHER ORDERED that the rules proposed by Peoples and contained in tariff sheets, PSC KY No. 3, Part II, Original Sheets 7, 8, 9 and 10, be and they hereby are approved effective on and after the date of this Order.

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, Peoples shall file its revised tariff sheets setting out the charges and rules approved herein.

Done at Frankfort, Kentucky, this 8th day of May, 1985.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9265 DATED 8th day of May, 1985

The following rates and charges are prescribed for the customers receiving services from Peoples Rural Telephone Cooperative Corporation, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Service Connection Charges

(Premises Wiring Required)

Individual Line - Business	\$ 67.35
Individual Line - Residence	56.35
Station Additions	31.25
- with Individual Line - Business	18.35
- with Individual Line - Residence	18.35

Service Connection Charges

(Premises Wiring Not Required)

Individual Line Connection (Premises Visit Not Required)	13.00
Individual Line Connection (Premises Visit Required)	33.00
Station Addition - with Individual Line Connection (Premises Visit Required)	3.00
Inside Moves	28.25
Outside Moves	32.25
Name or Address Change	5.25
Number Change	13.00
Restoral of Service	13.00
Station Changes	31.25

Other Service Charges

Maintenance Charge - 1st hour
- each additional half hour

\$ 20.00
7.50